

Americans have got a retirement system that is viable in the years to come.

And so you're witnessing step one of my—of what's going to be a series of trips around our great land. I kind of want to tell you something, though. Getting out of Washington is healthy, and getting out amongst the people is invigorating, and I want to thank you for coming out to say hello.

May God bless you all.

NOTE: The President spoke at 11:33 a.m. in the Bison Sports Arena at North Dakota State University. In his remarks, he referred to Gov. John Hoeven of North Dakota and his wife, Mical "Mikey"; Joseph A. Chapman,

president, North Dakota State University; Lt. Gov. Jack Dalrymple of North Dakota and his wife, Betsy; North Dakota State Attorney General Wayne Stenehjem; former Gov. Edward T. Schafer of North Dakota and his wife, Nancy Jones Schafer; President Viktor Yushchenko of Ukraine; President Mahmoud Abbas (Abu Mazen) of the Palestinian Authority; former President Saddam Hussein of Iraq; and Janet Norwood, mother of Sgt. Byron Norwood, USMC, who was killed in Iraq on November 13, 2004, and Iraqi citizen and political activist Safia Taleb al-Suhail, both of whom were guests of the First Lady at the President's State of the Union Address on February 2.

## Remarks in a Discussion on Strengthening Social Security and a Question-and-Answer Session in Great Falls, Montana *February 3, 2005*

*The President.* Thank you all for coming. Thank you all for being here. Go ahead and have a seat. Thank you. Nice to be in the part of the world where the cowboy hats outnumber the ties. Thanks for coming. Gosh, it's wonderful to be back in Montana. What a fabulous State, full of really decent, honorable people.

Conrad, thanks for introducing me. I'm glad you didn't auction me off. [*Laughter*] Doing a fine job in the United States Senate, and I'm proud to call you friend. Thank you very much, sir.

And I want to thank Max Baucus for being here. We have worked a lot together in 4 years. You know, we've confronted a lot of things in this country. We've confronted a recession and confronted the need to get this economy growing. And Max worked hard with the administration to cut taxes and open up markets. And I appreciate working with you, Max. It's been a lot of fun. We got more work to do.

We're here to talk about an issue, after a while, that's going to remind us we got a lot of work to do if we're going to do our duties as public servants. But Max, thank you. Denny Rehberg, thank you, friend, for coming. I'm honored you're here—proud of the United States Congressman from the great State of Montana—and Jan.

The Governor met me at the airport. The Governor is here. Governor, thank you for coming. I'm proud you're here. One of these days you're going to join the same club as me and Judy and Marc Racicot—that's the ex-Governors club. But right now, you may have the best job in America, being the Governor of a great State. So I'm proud you're here. Lieutenant Governor is with us today. We got a lot of other officials—secretary of State—thanks for coming.

You know, we're flying over on Air Force One, and guess what Burns and Rehberg—all they wanted to talk about was cattle—

[laughter]—Montana beef. And that's an important subject because it's part of how to make sure our economy continues to grow. They kept asking, "Are you talking to markets overseas to get the Montana beef into those markets?" I said, "You bet I am." And we'll continue to do so.

One of the reasons I worked with Max on free trade is because I believe when we open up markets for products, U.S. products, Montana products, people are going to more likely be able to find a job. We want to be selling stuff you grow here and stuff you produce here all around the world. And so I want to tell Max and Denny and Conrad, we're going to still be opening up markets.

They also had a few other things on their mind. They wanted to talk about energy. Last night I said to the United States Congress—I said we have been debating energy long enough. It is time to get a sound energy plan to my desk so we can become less dependent on foreign sources of energy. People in Montana know something about energy. I know that.

They said also, "Make sure you keep in mind the needs of the rural health—hospitals and docs." You've got some rural issues here in Montana because you've got a lot of land—[laughter]—and not a lot of people. [Laughter] That's the way a lot of folks probably want to keep it too, I suspect.

If you want to have health care available and affordable, we've got to do something about these lawsuits that are running good doctors out of practice. We've got a problem in that these lawsuits are making it costly for docs to stay in business and are hurting the Federal budget too. When you're afraid of getting sued, you practice defensive medicine. In other words, you prescribe more than you need to, just in case you have to go to a court of law. And that runs up the cost of Medicare, Medicaid, veterans benefits. So I've come to the conclusion that the medical liability issue is a national problem that requires

a national solution, and I call upon Congress to pass real, meaningful medical liability reform.

Before we talk about Social Security, I do want to talk a little bit about the amazing times we're living in. Just think about what has happened in the last 4 months. There was an election in Afghanistan. Millions—millions—of people voted for a leader, voted for a President for the first time in 5,000 years. I don't know who's counting, but that's a lot, you know. I mean, it's an amazing story, when you think about it. It wasn't all that long ago that the Taliban was providing safe haven to Al Qaida in Afghanistan, and that's where they plotted and trained. That's why we went in, to rout them out.

We said if you harbor a terrorist, you're equally as guilty as a terrorist. The doctrine still stands. And the reason the doctrine still stands is because there's an enemy that still hates what we stand for. We will stay on the offense. No matter where they hide, where they run, the United States of America and coalition forces will be after them to keep us safe.

That is our duty. That's the responsibility of the Federal Government. And I want to thank those who wear our uniform for serving this great country of ours. But the lesson of Afghanistan should remind us we've got a greater force at our disposal than just our military, and that is our belief in the ability of freedom to change societies.

And we saw it. The high school students and college students here are watching some amazing history unfold. Think about what you've seen. You saw people vote in Afghanistan to elect a President. You saw people vote in the Ukraine to elect a President. You saw people vote in the Palestinian Territories to elect Abu Abbas [Abu Mazen].\* And you saw last Sunday some incredibly brave people in Iraq defy the

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\* White House correction.

terrorists and cast their ballots by the millions, because of freedom.

Freedom is powerful. Freedom is incredibly powerful. I believe that freedom is embedded in everybody's soul. That's what I believe. I believe that given a chance, people will vote, and people will adhere to the rules of self-government. It's not easy in parts of the world, though, where there's terrorists and tyrants trying to stop the march of freedom. And the reason they are, and the reason they're trying to stop the march of freedom is because they think the exact opposite. They believe in control of people's lives. They don't believe in freedom of religion. They don't believe in freedom of speech. They don't believe in freedom of the press. They don't believe in freedom, period. And we do. That's why we're still a target, but that's why we'll prevail in the long run, because deep in everybody's soul is that deep desire. And you know why I believe it's deep in everybody's soul? Because I believe it's the Almighty God's gift to every soul on the face of the Earth.

You about ready, Leo? Let me say one other thing. They asked me—you know, I've been asked, and they say, "Is there a timetable of withdrawal from Iraq?" Here's the answer to that. You don't set timetables. You don't want the enemy to say, "Okay, we'll just wait them out." The timetable is, as soon as possible. And it's going to be based upon the willingness and the capacity of the Iraqi troops to fight the enemy. And so our mission—our mission is to provide training and command structure and officer training to the Iraqis so they can defend their own freedom. That's what they want to do. I talk to their leadership all the time. And like any independent free country, they want to defend themselves, and our job is to help them defend themselves. And when they do, and when they're ready, our troops will come home with the honor they have earned.

And as freedom spreads in parts of the world that have not known freedom, our

children and grandchildren will more likely grow up in peace. And that's what we want. We want to spread the peace.

Let me talk about Social Security. You know, people say, "Gosh, that's a pretty tough issue to be bringing up. We've got a war to fight. Why are you bringing up Social Security?" Here's why: The job of the President is to confront problems, not to pass them on to future generations or future Presidents. That's the way Montana people think: If you see a problem, go fix it. Don't theorize, don't pontificate, but fix it. And so the question is, do we have a problem?

First of all, let me explain why I think we—I know we have a problem. When Social Security was designed, there were 16 workers for every beneficiary in 1950—actually, designed in the thirties. In 1950, there were 16 workers for every beneficiary. That meant it was a lot easier to afford that which the Government promised. When you've got 16 people paying in for one person, it—you can see why the system was solvent.

What's happened since the design of the system, however, is that people are living longer, thankfully. *[Laughter]* That's good news. *[Laughter]* What else is happening since the system was designed is we had what's called the baby boomers. That would be me, Baucus, others, you know—*[laughter]*—people whose hair is getting grayer on a regular basis. And we're fixing to retire in big numbers. So you're living longer and you've got bigger—you've got big numbers retiring and fewer workers paying into the system, 3.3 workers per beneficiary. Plus, Congress over the years has promised an increase of benefits. So think about the math: Fewer people paying into the system, more people living longer, more people retiring, for greater benefits.

Now, that is—and because Social Security is a pay-as-you-go system, there's not a great big trust of money. The money that goes in from your paycheck goes out to the beneficiaries. That's how it works.

And so, obviously, as the demand for money increases as a result of more people retiring and people living longer and benefits going up, more has to come in.

Now, if you look at this chart up there, in 2018 the Social Security system goes negative. That means more money is going out than is coming into the system. And every year after that, as you can see, the cash deficit—that is, the money going out is greater than the money coming in—increases. In 2027, it's about \$200 billion a year. That's above and beyond the payroll taxes we're collecting. Ten years later, it's about \$300 billion. Every year, the situation gets worse.

So you can imagine what will be happening if we don't do anything. You know, Congress is going to show up, and somebody says, "We're \$200 billion short. Where are you going to get the money?" Well, you can tax somebody to get the money; you can get rid of the benefits that you promised; you can cut other programs; or you can keep borrowing debt. That's why I think we've got a problem.

Now, before I start talking about what I intend to do about it, I've got to make some things just as plain as I can. If you're a senior citizen today on Social Security, you don't have to worry about it. The trust has got plenty of money to take care of you. I understand how this issue works. Everybody says, "He's talking about Social Security; there goes my check." That's what happens all the time when they're talking about Social Security. You're in good shape. And if you're near retirement, 55 years or above, you're in good shape. Nothing changes. Those are the facts.

The problem is, is that the younger workers have got a problem. And I think we have a duty to worry about our children and our grandchildren. You know, 2018 may not—may seem like a long way down the road for people who are running for office every 2 years. It's not that far down the road. If you've got a 5-year-old child, that child will be 18 years old before you

know it, and the Social Security system starts losing money. In 2042, the system will be broke. Again, for some of us in politics, that may seem like ages. You know, "Don't worry about it; 2042 seems like forever." And in my case, of course, I'm not going to be around in politics. I'm moving on after 4 years. But nevertheless, it's not that far. And the longer you wait, the harder it is to fix the problem.

So my judgment is—and that's why I went in front of Congress yesterday and said, "Okay, let's fix the problem." And I put all ideas on the table, except for running up payroll taxes. If you've got a good idea, bring it. No President, I don't think, has ever said that when it comes to Social Security. Some of you veterans may remind me whether that's the case or not. I don't think so. I'm willing to stand up with the Congress. I don't care if it's a Republican idea, Democrat idea, independent idea; bring them forward. Let's work together and fix the system.

There are a lot of ideas out there—[*applause*]*—*thank you all. There's a lot of ideas out there. I mentioned some of the authors of the ideas last night. I've got one myself that I think is a very interesting idea, along with others. What I'm about to tell you will not permanently fix Social Security. By the way, there's no need just to put a Band-Aid on the deal. If we're going to get after it, let's fix it permanently. Let's let people look back generations from now and say, "I appreciate the way the Congress and the President worked together to do what was right on Social Security."

Let me give you an idea that I think is worth considering. I thought it was worth considering so much, I put about five paragraphs in my speech into it, you know. [*Laughter*] And it's this: I believe you ought to be allowed to take some of your own money, payroll taxes, and set up a personal retirement account on a voluntary basis. And the reason why I believe that is because the rate of return in your account

will be greater than the rate of return on the money you're getting in Social Security. And that's important because, if you're a younger worker and set aside some of your money that would normally be going into the trust into a personal account, over time that rate of return grows and accumulates. And you end up with a nest egg. I guess is the best way to put it, a nest egg that will then complement your Social Security checks when you finally retire.

Now, there's a lot of questions about this, of course. Can you take it to the lottery? Is that considered an investment? Can you take your payroll taxes and set up a fund and go to the lottery or the track or shoot some dice? The answer is no—[laughter]—obviously. You have to have a conservative mix of stocks and bonds. And there are a lot of funds that are conservatively tailored so you can get a reasonable rate of return. Obviously, the lower the risk, the lower the rate of return. But it's going to be a rate of return greater than that which you're earning in the Social Security trust, and that's important over time.

Secondly, you just can't, once you retire, pull it all out. In other words, there will be a phased withdrawal in order to make sure that the Social Security benefits you get, coupled with the money coming out of your own personal account, is done in such a way as to help you retire.

Third, there are ways to make sure your fund can avoid swings in the market at the very end of—right before you retire. So there's some wise things we can do, just like we do for the Federal Government employees, see? They've got this plan; it's called the Thrift Savings Plan. My attitude is, if it's good enough for people working in the Federal Government, it ought to be good enough for people working elsewhere in America.

I like the idea of you owning something. I love an ownership society. We want more people owning their own home. We want people owning their own business. We want people owning their own farm. We want

people owning and managing their own health care accounts. And I think it makes sense to have people owning and managing their own retirement accounts.

So we're going to talk about Social Security. And by the way, this will be phased in. I know they're throwing out all kinds of numbers—1 trillion, 2 trillion, 3 trillion. When you get to the Federal Government, we—it's no longer millions or billions; it's trillions at the Federal Government. It's amazing, isn't it? Anyway, we're going to phase it in. This doesn't all happen at once. I think it's important to gradually phase in the idea of personal accounts so younger workers can get used to it and so that the plan is more affordable, so it's more fiscally sound, fiscally responsible to fade it in. And we put out such a plan that will help people understand that we can do this without busting the budgets. And that's important for people to understand as well. No, this is doable. It's just going to take some political will.

Now, I want to talk to somebody who professes to be an expert. Actually, he is an expert. We were in Fargo earlier, and he handled himself brilliantly for a professor—no. [Laughter] Jeff Brown from the University of Illinois knows the subject well. He is obviously a good sport. He takes a pretty good needle. But tell us—just give us—back me up. You've studied the issue. [Laughter] Now, I've come here, and they say, "What do you expect the President to say?" Put some expertise out there.

*Jeffrey R. Brown.* Happy to do so, Mr. President. And thank you very much.

[At this point, Dr. Brown, assistant professor, Department of Finance, University of Illinois at Urbana-Champaign, Champaign, IL, made brief remarks.]

*The President.* What was the life expectancy when Franklin Roosevelt designed the program—or Congress—60, maybe? I think it was 60.

*Dr. Brown.* Back in the mid-1930s, a person born in the United States could expect to live, on average, around 60, low 60 years old.

*The President.* See, that's how the system was designed: pay-and-you-go as you work, people not living very long. It's changed. The world has changed. The system hasn't changed with it. And that's what we're talking about.

You got any other thoughts, Professor?

*Dr. Brown.* Sure, I'll go on as long as you let me. [Laughter]

*The President.* Reminds me of my college days. [Laughter]

*Dr. Brown.* I'm used to having an hour and 20 minutes with an audience that can't leave.

*The President.* When I was awake. [Laughter]

*Dr. Brown.* The other thing, I just—

*The President.* Talk about the personal accounts. I know—it obviously makes some people nervous. It's a new idea. It's a new concept. People—all of a sudden, when you take a system like Social Security that's been around so long and it has done a lot of really—made a big difference in people's lives, and you throw out a new idea—it's the world in which the status quo sometimes is the easy default position. And—give us some thoughts on that.

[*Dr. Brown made further remarks.*]

*The President.* So Leo Keller is with us. He said, "Do you mind if I wear my hat?" I said, "Not at all, Leo." It's a fine-looking hat. Thanks for wearing it. I'm glad you're here. Welcome. Leo, you're here to talk about Social Security. Give us some wisdom.

[*Leo Keller, retiree, Bozeman, MT, made brief remarks.*]

*The President.* Yes, that's a really interesting idea. What he just said is very important. Once people get into the habit of savings, it encourages other savings. This society has changed. Leo, first of all, a cou-

ple points. One, you made my point on life expectancy. [Laughter] You're looking strong at 79, headed to 80. You're doing great.

*Mr. Keller.* Thank you.

*The President.* Secondly, it is important for Leo to know that nothing changes. There are a lot of people out there saying they've heard the Social Security debate—"I wonder really if this means I'm not going to get my check." I cannot—I'm just going to say it again and again and again. Matter of fact, this is stop two of five where I'm traveling around the country; I know I've got a lot of explaining to do. And one of the most important explanations of all is Leo is going to get his check. Nothing changes. The system is sound. Any discussion about younger workers does not mean that Leo and anybody like Leo is not going to have this promise that the Government made. That's just really important to know.

And thirdly, you're right about your grandkids. See, I like a guy who says, "My grandkids are capable of owning and managing something." It's a different mindset. The 401(k)s, for example, have changed the attitude toward investment, hasn't it? I mean, a 401(k), when you were coming up, Leo, was just three numbers and a letter in the alphabet. [Laughter] And now it's an idea, where people manage their own retirement and they own something. They see it; it's visible. It's an important part of our society today, and it seems like to me, as we modernize the system of Social Security, we incorporate a portion of that new system into the concept of somebody owning something.

So thanks for coming, Leo. You did a fabulous job. And the hat—listen, I'm telling you—

*Mr. Keller.* My pleasure.

*The President.* Those women look at that hat and that club, and they're going wild.

Kelly Kost—Kelly, thanks for coming. What do you do?

*Kelly Kost.* I am in sales and administration. I work for Mission Mountain Les Schwab Tires in Ronan, Montana.

*The President.* Ronan?

*Ms. Kost.* Ronan, yes.

*The President.* How many people live there?

*Ms. Kost.* I have no idea. [Laughter]

*The President.* Either do I. [Laughter]

*Ms. Kost.* Not a clue.

*The President.* At least you know where it is. [Laughter] Talk talk about Social Security. First of all, Kelly has got the hardest job in America. She's a single mom.

*Ms. Kost.* I've been a single mom since 1989. My twins are 18 years old, Jade and Jordan.

*The President.* Where are they? Yes.

*Ms. Kost.* Jordan is a member of the Army National Guard.

*The President.* There you go.

*Ms. Kost.* Jade will be the valedictorian of her class—

*The President.* There you go. Your mom is humiliating you, but it's good to know. Very good.

*Ms. Kost.* Yes. And they will both be entering college this fall.

*The President.* Fabulous, Mom. You're doing your job.

*Ms. Kost.* Thank you—thank you.

*The President.* Listen to your mother. [Laughter] I'm still listening to mine. [Laughter] Let's talk about Social Security.

[*Ms. Kost made brief remarks, concluding as follows.*]

*Ms. Kost.* I'm just wondering how user-friendly these will be.

*The President.* Yes, that's a fabulous question. There are a lot of people who are comfortable with making investments; there are some people who are just worried about it—you know, is it hard? And the answer to the question is, it will be incredibly user-friendly. It's got to be, because the options will be limited. The key is to allow people to have their own account that gets a better rate of return than the money

in the current system. And over time, that will inure to your benefit.

And you can do that with a very conservative mix of stocks and bonds. The professor talked about—doctor or professor, which one—either one? Yes, okay. How about “Jeff”? Anyway—[laughter]—he talked about the Thrift Savings Plan for Federal employees. There are five options, and it spelled out what the options are. In other words, you're not going to have to go in and pick stocks. You'll pick a group of stocks or a group of bonds or a mixture of them. And they'll be described to you. So yes, it's very user-friendly. And that's a very good question.

The other questions I get are, can you just jerk your money out at any time? No, this is a retirement fund. It's meant to help you after you retire. The benefits of this idea is, one, it gets a better rate of return. It just will. Over time, you'll hear, “Well, the stock market will crash and therefore I'll lose all my money.” Well, first of all, if you study the history of investments over a 15- or 16-year period of time, there's always been a positive return. Now, there may be a down year, but over time, we're talking about, you get a positive return. And there are investment vehicles that would help deal with any market decline. But we're talking about a mix, a conservative mix of stocks and bonds. And that's an important question.

Now, the other benefit, of course, is that it's yours. Your Social Security benefit is simply a promise. You don't own it; the Government will decide. If the Government can't pay for it, the Government says, “Well, we're going to reduce your benefits.” When you have your own personal account, it's yours. The Government cannot take it away.

And you can give it to whatever child you decide—unless you get mad at them and then give it to somebody else. [Laughter] But it's—and that's an important concept about—when you talk about ownership. We're talking about a better rate of

return on your money, something you own that cannot be taken away, and something you can pass on from one generation to the next. And that's an important concept. Young families ought to be thinking about, obviously, saving to pass on from one generation to the next. I don't see why we can't incorporate that into the Social Security system because I know it can work financially. As a matter of fact, it makes the system more sound. It makes it more likely a younger worker is going to end up with that which the Government has promised. And that's important.

Speaking about young couples, Amy and Mike Borger are with us. Welcome.

*Amy Borger.* Thank you.

*The President.* Where do you both live?

*Mrs. Borger.* We live in Great Falls.

*The President.* Yes, right here, a beautiful town full of great people. I was touched by the number of people who came out and waved, and I thank them for that.

Do you have children?

*Mrs. Borger.* We do. We have our daughter, Jordan, is 12, right down in the front. And our son, Shane—

*The President.* There she is, Jordan, waving. That's good.

*Mrs. Borger.* —is 2. And we're expecting our third baby in April.

*The President.* Awesome, yes. Georgia—you're going to name it Georgia? No. [Laughter]

*Mrs. Borger.* No.

*The President.* I don't blame you. [Laughter] Tell me about your ideas on Social Security. Thoughts, worries, concerns?

*Mrs. Borger.* I guess we're in a unique position in our life. I'm fortunate enough to still have my four grandparents living. It's very important to me that the system that has been promised to them continues to be the same for them. Looking for our—my husband and myself, we want to make sure that when we're ready to retire, the system is what has been promised to us as well as for our children. And we appre-

ciate the chance to be given an opportunity to have a hand in that with the personal accounts.

*The President.* Yes, thanks. If you look over your shoulder, which you've already done—you can actually look right there—you'll see it's not going to be around unless we do something now. These good folks are in the danger zone unless Congress acts, because the cash deficits increase every year starting in 2018. That's an important date for people to remember. They may argue in Washington—it may be 2019, or 2018 and a half. It's happening, is the point. And it gets worse every year. I repeat to you—in 2027, we're looking for 200 billion extra dollars to pay what has been promised. I don't know how Congress is going to deal with that in 2027 unless we act now.

And we need to think about young families. You're a high school librarian?

*Mrs. Borger.* I am.

*The President.* You lucked out, buddy. I married a school librarian too. [Laughter]

*Mike Borger.* It can be hard at times, can't it?

*The President.* No, not at all. [Laughter] Well, if it has, I'm not confessing publicly. [Laughter]

What do you do?

*Mr. Borger.* I'm a supervisor at Poulsen's. It's a home improvement center here in Great Falls.

*The President.* Great, good, good. [Applause] Some of your fellow employees are here. That's good. They probably want a personal account as well.

*Mr. Borger.* A good friend of mine that I work with, his son is serving in Iraq right now.

*The President.* Where's he—where is—where's Dad? Appreciate it. E-mail your son, we're proud of him. It had to make you feel good, Dad, last night when the Iraqi lady hugged the mom of the fallen marine. I know it made her feel good. It was a show of gratitude from the Iraqi people that said, "Thank you for our freedom."



Thank you for the sacrifice.” Your son is serving a noble cause, sir—security of America and peace to the world.

I’ll tell you something really interesting that Amy is doing, by the way. We’ll get to Social Security in a minute—kind of meandering around. [Laughter] Amy is into distance learning. Where do you go?

*Mrs. Borger.* Boise State University.

*The President.* From your living room?

*Mrs. Borger.* From my living room.

*The President.* Interesting thought, isn’t it? The reason I bring that up is, obviously education is vital for the future of the country. No Child Left Behind is working. We’re going to keep it strong; we will not undermine it. On the other hand, we’ve got to be wise about how we use technology. Think about that: The education system has changed; Social Security hasn’t. Anyway, education—here she is going to get a—

*Mrs. Borger.* Master’s in educational technology.

*The President.* Yes, from your living room. Pretty cool, isn’t it? We’ve got to keep those kind of—keep these ideas moving. And Boise State has done a good thing to allow you to do that.

All right, Mike, back to Social Security. Do you think you’ll ever see anything?

*Mr. Borger.* I hope to.

*The President.* Yes. It’s an interesting question—I just want to stop you—I promise you’re going to get more than two words in here. [Laughter] It may be hard to tell. [Laughter] Doesn’t that kind of worry you when the young guy says, “I hope to?” [Laughter] When old Leo was his age, he said, “No question.” Are you going to see a Social Security check? “No doubt.” Now we’ve got youngsters saying, “I hope so,” as if there is doubt, and there should be doubt.

*Mr. Borger.* My wife and I work very hard for what we earn. And we have a lot of bills and—daycare and two children and a third on the way—and it’s hard to set money aside to start our own IRA and

that stuff. So we’re very dependent on what Social Security or the personal accounts can offer. So it’s real important to us that something gets reformed and things change so that there is a guarantee for us and our children. And also, it’s a concern to me that people like Leo and my in-laws and my parents and friends of mine that are coming upon the age that they retire, that their Social Security that they worked very hard for won’t be touched—

*The President.* Right.

*Mr. Borger.* —and that that will be there for them.

*The President.* It will be. And I can’t guarantee for you; that’s what we’re here to discuss.

See, I’m traveling around because, first of all, I believe in the will of the people. I believe that people can influence policy. And so the next couple of months, I’m going to be traveling the country, telling people I think we’ve got a problem and asking people to get involved. Nothing changes for Leo, but this couple that’s about to be raising three kids is—they’re going to have a system that’s just not going to work unless this United States Congress and the President act together.

I believe it’s going to happen. I really do. Oh, the pundits will say it looks too tough, and this—somebody said it’s not going to happen, and somebody opined it’s not going to happen. But when the people really figure we’ve got a problem, they’re going to demand a solution. They’re going to say to members of both political parties, “What the heck are you doing in Washington, DC, if you’re not willing to settle down and solve the problems facing this generation?”

I’d like to answer a few questions if you’ve got any. I’m sure somebody has got a few. Yes, sir, with that shirt on. Fine-looking shirt you got there. Thank you all for coming out, by the way. It’s a joy to be here.

### *Retirement Age*

Q. Mr. President, do you foresee that if we fix this program, we can move the retirement age back to 65? For some people it's 66, 67, 68, and on and on.

*The President.* Yes. Well, there's a lot of discussions about whether we ought to move it back or move it forward, and that idea is on the table. Again, this is one of those ideas where, in the past, if you talked about it, somebody would club you over the head with it in a political race. And I think we ought to debate whether or not the age ought to be 65, 66, 67. These are for younger workers now—nothing changes for older workers. And that's on the table; that's what I said last night. I reminded people that my predecessor, President Clinton, suggested that that might be part of a solution, to raise the retirement age. But I don't think you can end up making that decision now until you look at all the other options. And we're just going to have to take the hard look at all the different options on the table. And people are living longer—but this all, again, pertains to younger workers. And it's—it will be part of the debate that goes on in Washington, DC. And I'm willing to have it.

Yes, ma'am. Just can barely stand it. [Laughter]

### *Benefits for the Disabled/Prayer/Religious Freedom*

Q. Sir, you are a blessing, and our family prays for you every day.

*The President.* Thank you. Thank you for saying that.

Q. My husband and I are privileged to have a 35-year-old daughter who is mentally disabled, and she works hard in a supportive living center in Helena, Montana. And many people against your proposal are trying to scare the disabled by saying they will lose their Social Security—

*The President.* Not true. Nothing changes.

Q. —which she needs. So is she okay?

*The President.* Nothing changes when it comes to the disabled—the disability aspect of Social Security. This is all aimed—all discussions about the retirement aspects of Social Security. I'm glad you asked that.

Thank you for your prayer.

I tell people this: I don't see how a President can do the job without the prayers of the people. I know other Presidents probably wouldn't agree with that, necessarily. I quoted Abraham Lincoln today. He said, "I would be,"—I think—I kind of paraphrased him. We actually had the National Prayer Breakfast this morning. Started off by saying the State of the Union was kind of like a prayerful session: They were praying I'd hurry up and finish the speech. But it's—[laughter]. Anyway, I quoted Abraham Lincoln, who said, "I don't see how you can be President without prayer," is what he said. And I agree with that assessment. One of the most powerful—[inaudible]—of the Presidency is to know that people are praying for me and Laura. And I want to thank you for that.

Having said that, I also want to—I know there's a lot of talk about religion and politics. It is essential that whoever the President is and whoever is in Congress always honor the fact that in this country, you can pray or not pray and be equally American. You can be a religious person or not a religious person and be equally viewed as a patriot. And if you're religious, you're equally American if you're a Jew, Christian, Muslim, Hindu. That's the greatest thing about our country. That's what distinguishes us from the Taliban, is the freedom to be—the freedom to choose what you want to choose.

You've got a question? All right, thank you.

### *Personal Retirement Accounts*

Q. Mr. President, I was reading in a liberal newspaper today—[laughter]—

*The President.* Sounds like a loaded question to me. [Laughter]

Q. —an opinion was that, on the average, individuals would make about 6½ percent on the market over time and that that was less than what is being made in the Social Security system.

*The President.* No, that's—I don't want to ascribe a political label—I would describe as somebody who doesn't know what they're talking about. [Laughter] That's just not the truth. Professor?

*Dr. Brown.* That's what I'm here for, is to find the truth.

*The President.* Thank you, sir. Thank you. Thanks for coming.

*Dr. Brown.* Yes, historically, over the last 80 years, the stock market has returned about 7½ percent over inflation, and that's far higher than you get from Government bonds or on the return from the current system.

*The President.* No, but he's not talking about the return within the Social Security system, and it's, like, near zero.

*Dr. Brown.* It's about 1 to 2 percent for—

*The President.* And the difference between a 1-percent return on your money and 4-percent return on your money over time is significant?

*Dr. Brown.* Yes. Just to give you an idea of the difference between—suppose you invested \$1,000 a year from the time you're in your early twenties until you retire. Suppose you get a 3 percent rate of return, you might have about \$65,000. Get a 7 percent rate of return, you're going to have over \$200,000. So it's a very big difference.

*The President.* That's how money grows. And that's an important concept that we need to incorporate if we want the Social Security system to be available for younger families and younger workers. It's a really important part of a reform package.

Okay, any more questions? I'm kind of winding down here because I've got to head on to Nebraska. Yes, ma'am? The red shirt.

*Livingston, Montana*

Q. I have one—[inaudible]—I'm from Livingston, Montana. I kind of have one question for you.

*The President.* Sure.

Q. Can you quote Proverbs 17:17 for me?

*The President.* Do what?

Q. Can you quote Proverbs 17:17 for me?

*The President.* No. [Laughter] That's an easy one. Can you? Quote it.

Q. "A friend loves at all times, and a brother is born for adversity."

*The President.* Thank you. Very good. I thought you were going to ask me if I knew how to get to Livingston. [Laughter] It's like that guy said, "What color"—he said, "To get to Livingston, you've got to go down the highway, and you go through the cattle guard, and you"—[laughter]—"turn left, and you go through another cattle guard." And a fellow comes back and says, "Hey, what color uniforms do those cattle guards have on?" [Laughter] That never happens in Montana.

Yes, sir.

*Exercise/Personal Retirement Accounts*

Q. Thank you, Mr. President, for coming to Montana.

*The President.* Nice to be back. Big Sky.

Q. When my wife and I continue to pay into the system, what percentage of that will we have the opportunity—

*The President.* Yes.

Q. —to invest in? And what kind of mountain bike do you ride? [Laughter]

*The President.* I'm not supposed to endorse products, but it's called a Trek. [Laughter] Are you a mountain bike guy?

Q. Yes, I am.

*The President.* Oh, listen, let me—I'll get to the—I'll try to remember what—the real question you asked. [Laughter] First of all, I hope people exercise on a regular basis. It's—I can't tell you how important it is for you. Unfortunately, I exercised too hard for a while and can't run anymore, but

I did discover mountain biking. This has got to be fabulous mountain bike country, right?

Q. It is.

*The President.* Yes. Unlike, you however, I'm a safe mountain biker. I'm looking at—you look like a risktaker, you know? [Laughter] Like ride those little tiny trails—that's not me. [Laughter]

Now, I really—the best health care plan—one of the aspects of the best health care—any good health care plan is to encourage right choices. What you put into your body matters, and how you treat your body matters. And so I—thank you for bringing up—giving me a chance to segue into exercise. As a matter of fact, prayer and exercise are what keeps me going as—[laughter]—as the President—and family and friends, especially Laura.

The way the system works—in order to make it work fiscally, is that you can start off with \$1,000 into your account, growing \$100 a year up to 4 percent of your income. That's the answer to your question. The idea is ultimately there will be—if you're making 90,000, you can put 3,600 a year into your personal account. That's how you keep it more affordable than the numbers that have been being tossed about.

Yes, ma'am. Good to see you again.

### *Medical Liability Reform*

Q. Hi, how are you? As usual our prayers and love are with you. But I could have several questions. One of them, though, going—

*The President.* Just ask an easy one.

Q. It is. [Laughter]

*The President.* Kind of getting late in the day.

Q. The medical—it's a medical issue.

*The President.* Yes.

Q. With the frivolous lawsuits, one of the problems, too, is that attorneys charge so much to bring even a fair lawsuit to the court system that the victim, the patient

winds up with nothing and the attorney winds up with all the money.

*The President.* Right.

Q. And the doctor is being run out of business. Can that somehow be worked in there?

*The President.* I don't believe that—no, I'm—I just—I guess I could give you a political answer and say I'll think about it. I actually don't think the Government should regulate legal fees. I think that ought to be set by the market, so to speak. I don't think Government ought to set price. I do think Government, though, can set limits for lawsuits that—that are filed.

And the thing in medical liability reform that I think will make a big difference is to have a hard cap on noneconomic damages. In other words, you're allowed to get economic damages, but the noneconomic damages need to have a hard cap, which will reduce the desire for people to keep filing lawsuits as if the medical liability system were a lottery. But in terms of whether or not the Government ought to be setting legal fees, I don't think so. I don't think so.

Let's see, a couple of more, then I've got to hop. Yes, ma'am. Boom. [Laughter]

### *Personal Retirement Accounts*

Q. Thank you, Mr. President. We're excited to have you for another 4 years, and we stayed up half the night waiting for the election results.

*The President.* Yes, thank you. [Laughter] Thanks. Well—[laughter].

Q. My question is, as this privatization of Social Security comes into effect, who will manage that? Has that been talked about at this point?

*The President.* I would call it personal retirement accounts, is the proper terminology, because it basically means you own it. See, privatization says the whole thing changes—not true. A portion, as I said, 4 percent ultimately, of the money that you earn can go into a personal account that you call your own. Who manages it? You

do. You make the decisions. You make the—on that aspect. The Social Security Administration will still exist for the other aspect of Social Security. It's a mixture. It's a blend. In other words, part of your money goes into the system and the Government will pay out benefits. Part of your money goes into your own personal account, which you will manage. You will get, on a quarterly basis, your statement about how much of your money has grown over—and how has it grown over a period of time. But the other portion of the Social Security will continue to be managed by the Federal Government, the Social Security trust.

How about the little guy in the hat? Number seven.

*Request for Handshake*

Q. Can me and my friend shake your hand?

*The President.* Yes. Move on over here. Okay, last question. Have you got a question? You don't have a question. You want to shake my hand, stay right there. I'm coming down.

Yes, ma'am.

*Personal Retirement Accounts/Small Business*

Q. As an employer of a small business, I have to express a concern. How will employers handle these deposits for our employees?

*The President.* The Federal Government will be the administrator to make sure that the accounts are properly set up.

Q. Wonderful.

*The President.* This is—this can be done without a lot of additional paperwork. Again, this is a—the purpose is not to create excess bureaucracy—quite the opposite. The purpose is to empower individuals and that the employer won't be charged with making sure that the paperwork is managed properly.

Let me talk about small businesses real quick. The tax cut that Max and I and Conrad and Dennis—Denny worked on is really important for small businesses. That's why it's really important we not allow taxes to go up. Seventy percent of new jobs are created by small businesses in America. And I'm proud to report the small-business sector of our country is strong and vibrant and doing well, and we need to keep it that way.

Thanks for being an entrepreneur. Are you staying in business? That's good.

Listen, let me conclude by thanking you all very much for your hospitality, your generosity of your time, and your strong love for our country. We are lucky people to live in the greatest country on the face of the Earth.

May God bless you all, and may God continue to bless our land.

NOTE: The President spoke at 3:55 p.m. in the Four Seasons Arena at the Montana ExpoPark. In his remarks, he referred to Senator Conrad Burns of Montana; Janice Rehberg, wife of Representative Dennis R. Rehberg; Gov. Brian Schweitzer, Lt. Gov. John Bohlinger, and Secretary of State Brad Johnson of Montana; former Governors Judy Martz and Marc Racicot of Montana; President Hamid Karzai of Afghanistan; President Viktor Yushchenko of Ukraine; President Mahmoud Abbas (Abu Mazen) of the Palestinian Authority; Keith Reeves, whose son Spec. Jedidiah Reeves, MARNG, is serving in Iraq; and Janet Norwood, mother of Sgt. Byron Norwood, USMC, who was killed in Iraq on November 13, 2004, and Iraqi citizen and political activist Safia Taleb al-Suhail, both of whom were guests of the First Lady at the President's State of the Union Address on February 2. A portion of these remarks could not be verified because the tape was incomplete.

## Remarks in a Discussion on Strengthening Social Security in Omaha, Nebraska

February 4, 2005

*The President.* Thanks for being here. Thanks for inviting me back. One of the last times I was here, I remember, I was out there with Senator Hagel, and he said, "Give them your best fastball." [Laughter] This wasn't a political moment; this was the College World Series. [Laughter] I finally remember the college—Mr. Mayor, I appreciate you being able to extend the contract for the College World Series here to Omaha, Nebraska.

We're not here to talk baseball today, and we're certainly not here to talk college football—[laughter]—if you know what I mean. [Laughter] We're here to talk public policy, about how to make America a better place.

I want to thank the Governor for joining us today. Governor, where are you? Thanks for coming. I appreciate you being here. I guess you kind of like my decisionmaking. I'll be frank with you; I didn't ask Johanns to join my Cabinet to make you Governor, although—[laughter]—I'm sure you're going to do a fine job. I did it because, one, he's a fine guy; two, agriculture is important to this country, and no doubt he's going to be a fine Secretary of Agriculture.

I am pleased to be working with Senator Chuck Hagel. He is a smart, capable man. He loves his country. He loves Nebraska. Looking forward to working with you, Chuck, for 4 more years. I'm proud that Senator Ben Nelson is here. He is a man with whom I can work, a person who is willing to put partisanship aside to focus on what's right for America. Senator, thanks for coming. Working my way through. Congressman Lee Terry is with us today. Congressman, proud you're here. Thanks for coming. Congressman Jeff Fortenberry is with us today. Thank you, Congressman—[applause]—sounds like they've heard of

you. And of course Congressman Tom Osborne is with us today.

Mayor, thanks for coming—former Mayor Hal Daub is with us today. Mayor, thank you for being here. He, by the way, is Chairman of the Social Security Advisory Board. The President needs a lot of advice. The country needs advice on Social Security, and that's what we're here to talk about after a while.

By the way, Tom Osborne and I had the honor of being at the National Prayer Breakfast Thursday. He gave a fantastic talk. He's a humble, decent guy. I reminded people that the State of the Union was kind of like a giant prayer session—Members of Congress were praying I'd keep my speech short. [Laughter]

It's good to be here on the—right after the State of the Union. See, I believe one of my responsibilities is to travel our country talking about problems and how we intend to solve them, reminding people that the job of a President is to confront problems, not to pass them on to future generations and future Presidents.

One of the problems we face is the war on terror. The war on terror goes on. And it's important as the Commander in Chief that I speak as bluntly and frankly as I can about the perils we face. That's why I told the Congress it's important for the Congress to continue to support our men and women who wear our Nation's uniform as they pursue the terrorists around the world.

It's important for us to continue to work with our allies and friends to make the world a safer place. Every terrorist we bring to justice makes our children and grandchildren safer, and every country that accepts democracy as a way of life makes our children and grandchildren safer.